

five percent (75%) of the entire net proceeds from the operation of both stations. Class 2 claimants will be paid in full any remaining balance of their allowed claims on the earlier of (i) the thirtieth (30<sup>th</sup>) day of the twelfth (12<sup>th</sup>) month after confirmation of the Plan or (ii) thirty (30) days after grant of Federal Communication Commission ("FCC") approval of the assignment of licenses for WSTX(AM) and WSTX-FM from Family to Caledonia Communication Corporation ("Caledonia") becomes final and non-appealable.

*Class 3:* If, on the thirtieth (30<sup>th</sup>) day of any of the first eleven months following confirmation of the Plan, Class 1 and Class 2 claimants have been paid in full under the Plan, then Class 3 claimants will be paid *pro rata* the allowed amount of their claims from any remaining balance of seventy-five percent (75%) of the entire net proceeds from the operation of both stations. In addition, Class 3 claimants will be paid in full on the earlier of (i) the thirtieth (30<sup>th</sup>) day of the twelfth (12<sup>th</sup>) month after confirmation of the Plan or (ii) thirty (30) days after grant of FCC approval of the assignment of licenses for WSTX(AM) and WSTX-FM from Family to Caledonia becomes final and non-appealable.

*Class 4:* Class 4 interest holders shall retain such interests under the Plan.

### **Article III**

#### **CLASSES IMPAIRED BY THE PLAN**

No classes of creditors will be impaired under the Plan.

### **Article IV**

#### **MEANS FOR PERFORMING THE PLAN**

Family has entered into two agreements with Caledonia: (i) a Time Brokerage Agreement pursuant to which Family allows Caledonia to program the stations; and (ii) an Asset Purchase Agreement pursuant to which Family agrees to sell the stations, including the station's FCC licenses, to Caledonia, and the parties agree to cooperate to obtain FCC approval for such assignment. With the knowledge of the FCC, Caledonia has moved the stations' main studio under the Time Brokerage Agreement from Family's prior highly distressed facilities to a state of the art facility operated by Caledonia. Caledonia continues to operate the stations from this facility. Further, it is unknown when the administrative process attendant to the FCC's review of the proposed assignment of the station licenses from Caledonia to Family will be completed. However, as stated above, if, within one year from the confirmation of the Plan, the FCC approves the assignment, such approval becomes final and non-appealable, and an additional 30 days passes to enable the Caledonia and Family to consummate the assignment of the stations to Caledonia, then all of the creditors of Family will be paid in accordance with the doctrine first enunciated in the matter *Second Thursday Corp.*, 22 FCC 2d 515, recon. granted, 25 FCC 2d 112 (1970). Payments made pursuant to the Plan prior to FCC approval of the assignment shall be made from seventy-five percent (75%) of the net proceeds, if any, from operation of the stations. If, on the other hand, these conditions do not occur within one year from the confirmation of the Plan, then Family will permit the revocation of the station licenses

by the FCC to become final and non-appealable and there will be no funds available for distribution to the creditors.

#### **Article V**

#### **CORPORATE CHARTER OF DEBTOR**

The corporate charter of the Debtor will not be amended.

#### **Article VI**

#### **CONTEMPLATED COMPENSATION FOR SERVICES, COSTS AND EXPENSES**

No compensation has been paid or promised by the Debtor or, to the Debtor's knowledge, by any other entity for services, costs or expenses except the following:

1. The Debtor has agreed to pay such sum to its attorney, Ronald W. Belfon, Esq. and its accountant, Francisco Depousoir, as the court may allow upon application.
2. Caledonia has paid and intends to continue to pay all of the costs for services and expenses incurred to file and prosecute an application seeking FCC approval to assign the station licenses from Family to Caledonia, including any appeals maintained by the Debtor before the FCC.

#### **Article VII**

#### **CONTEMPLATED EMPLOYMENT OF INSIDERS**

In the reorganized Debtor, Barbara James-Petersen, the present President and Chairman of the Board of Directors, is contemplated to be President and Vice Chairman of the Board.

G. Luz A. James, Esq., the present holder of all of the shares of common stock in the Debtor, will have no management role in the corporation. As reorganized, the debtor will have no assets.

#### **Article VIII**

#### **REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

All executory contracts not heretofore assumed are hereby rejected, except that the Time Brokerage Agreement and Asset Purchase Agreement will be assumed under the Plan. The Asset Purchase Agreement will be consummated and performed fully by both parties forthwith upon receipt of a final and non-appealable FCC order approving the assignment of the station licenses from Family to Caledonia. All unexpired leases not heretofore rejected are hereby rejected. Rejection claims must be filed within 30 days after confirmation.

## **Article IX**

### **APPOINTMENT OF DISBURSING AGENT**

Francisco Depousoir shall be appointed disbursing agent for any and all funds to be paid to holders of claims and interests pursuant to the Plan. No bond or other indemnification shall be required of the disbursing agent. The disbursing agent will have no other duties or obligations except the orderly, prompt and accurate distribution of the funds available to holders of claims and interests.

## **Article X**

### **DISCHARGE**

Upon confirmation, the Debtor will be discharged of all those debts and claims dischargeable under 11 U.S.C.A. § 1141 and will hold all property of the estate free and clear of all claims and interests, except as otherwise provided in the Plan.

## **Article XI**

### **RETENTION OF JURISDICTION**

This Court shall retain jurisdiction after confirmation of the Plan: (a) to consider (and reconsider if appropriate) claims and objections; (b) to fix expenses of administration and compensation; (c) to hear and determine any dispute arising under or relating to the Plan or arising under or relating to this Chapter 11 reorganization case; (d) to enforce all discharge provisions of the Plan; and (e) to make such orders and directions pursuant to 11 U.S.C.A. § 1127 and 1142 as may be necessary or appropriate.

Dated: December 21, 2005

**FAMILY BROADCASTING, INC.**

  
For Debtor, By Its President, Barbara James Peterson



IN RE: FAMILY BROADCASTING, INC.

Bankruptcy No. 1-05-00004 - BM

Motion Number N/A

**CERTIFICATION OF SERVICE**

I, Ronald W. Belfon \*\*of Belfon & Evert, 1217 Bjerre Gade  
St. Thomas, VI. 00802 certify:

That I am, and at all times hereinafter mentioned was more than 18 years of age;

That on the 22nd day of December, 2005, I SERVED A  
**COPY OF THE FIRST AMENDED PLAN OF REORGANIZATION FILED BY FAMILY  
BROADCASTING, INC. on:**

all parties and persons as their names appear on the Clerk's Office mailing matrix [all creditors  
and parties in interest], a copy of which is attached hereto,

by first-class postage prepaid.

I certify under penalty of perjury that the foregoing is true and correct.

EXECUTED ON 12/22/05  
(Date)

  
(Signature)

\*\* State Mailing Address

Barbara James-Petersen  
P.O. Box 224469  
Christiansted, VI 00822

ASCAP  
One Lincoln Plaza  
New York, NY 10133-0043

BMI (Broadcast Music, Inc.)  
10 Music Square East  
Nashville, TN 37203-4399

Lauren A. Colby  
P.O. Box 113  
Frederick, MD 21705-0113

Dept. of Property & Procurement  
Gov't of the Virgin Islands  
3274 Estate Richmond  
Christiansted, VI 00820

Daniel A. Huber, Esq.  
560 N Street, S.W.  
Washington, D.C.

G. Luz & Asta Jam.  
P.O. Box 224469  
St. Croix, VI 00822

Newton & Associates  
P.O. Box 8510  
Metairie, LA 70011-8510  
Attn: Katie Robins

Radio Advertising Bureau, Inc.  
1320 Greenway Dr. Ste. 500  
Irvin, TX 75038-2510  
Attn: Dennis Wingo

Sesac, Inc.  
55 Music Square East  
Nashville, TN 37203-4362

Richard Dollison, Esq.  
Upper Level Drake's Passage  
P.O. Box 6785  
St. Thomas, VI 00804

V.I. Water & Power Authority  
P.O. Box 1009  
Christiansted, VI 00821

Virgin Islands Telephone Corp.  
P.O. Box 6100  
St. Thomas, VI 00801

James Shook, Esq.  
Investigations/Hearing Division  
Federal Communication Commission  
435 12<sup>th</sup> Street, SW, Rm 3-8443, Enforcement  
Washington, DC 20554

Dennis Wingo  
Radio Advertising Bureau  
1320 Greenway Drive, Suite 500  
Irving, TX 75038-2510

Tamera L. Keeman  
Akin Gump Strauss Hauer & Feld LLP  
1333 New Hampshire Avenue, N.W.  
Washington, DC 20036

Wendy Tien  
U.S. Department of Justice  
1100 O L Street North West Rm 10060  
Washington, DC 20005

Office of Reorganization  
Securities & Exchange Commission  
Suite 100  
3475 Lenox Road, N.E.  
Atlanta, GA 30326-1232

Guy Gebhardt, Esq.  
Office of the U. S. Trustee  
162 Richard Russell Building  
75 Spring Street S. W.  
Atlanta, GA 30303

Internal Revenue Service  
Chief SPS  
Mercantil Plaza Building  
2 Ave Ponce de Leon Ave, Suite 914  
San Juan, Puerto Rico 00918-1693

Bureau of Internal Revenue  
9601 Estate Thomas  
St. Thomas V. I. 00802

ca. Edward Markovitz  
Assistant Judge  
S. Superior Court for  
the Western District of Pennsylvania  
1404 USX Tower  
6 Green Street  
Harrisburg, PA 17109

Maxwell McIntosh, Esq.  
Kevin Rames, Esq.

**LOCAL BANKRUPTCY FORM NO. 13**

**IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF THE VIRGIN ISLANDS - ST. CROIX**

**In Re: FAMILY BROADCASTING, INC.**

**CASE NO. 105-00004**

**Debtors**

**:**

**Judge Barnard L. Markovitz**

**FIRST AMENDED DISCLOSURE STATEMENT  
TO ACCOMPANY PLAN DATED DECEMBER 21, 2005**

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code § 1125 to assist them in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. § 1129.)

Address for return of ballots:

**Ronald W. Belfon, Esquire  
Belfon & Evert  
1217 Bjerre Gade, K.Q.  
St. Thomas, VI 00802**

**I. Background**

- 1. Name of Debtor**

**Family Broadcasting, Inc.**

- 2. Type of Debtor (individual, partnership, corporation)**

**Corporation**

- 3. Debtor's Business or Employment: Operation of WSTX(AM) and WSTX-FM radio stations**

Debtor operates the AM and FM stations, which have been on the air for fifty-five (55) years under the leadership of G. Luz A. James, Sr., a native Virgin Islander, who was president and remains a shareholder of the debtor. Debtor's FM station is the only one of eight FM stations broadcasting from St. Croix that is owned by native Virgin Islanders. It is the medium of choice for local information, news and music. Its programming format consists of cultural music exclusive of all other music.

4. Date of Chapter 11 Petition — April 13, 2005

5. Events that Caused the Filing:

The bankruptcy filing was caused by the threat of imminent revocation of the radio station licenses by the Administrative Law Judge assigned by the Federal Communication Commission ("FCC"). Due to certain legal and regulatory deficiencies of the debtor while it was under the control and management of G. Luz A. James, Sr., the FCC initiated revocation proceedings against Family Broadcasting, Inc. ("Family") due to certain deficiencies in Family's operation of the stations. Under the FCC's *Second Thursday* doctrine, a debtor is permitted, even if there is a pending license revocation proceeding against the debtor, to assign its FCC broadcast licenses to an assignee that is qualified to hold such broadcast licenses, as long as the debtor receives no benefit from the sale and any funds generated from the sale are used to pay the innocent creditors. Consistent with the proposed bankruptcy plan, Family intends to sell and assign its radio station licenses to Caledonia Communications Corporation ("CCC") under the *Second Thursday* doctrine upon obtaining FCC approval for such assignment.

6. Anticipated Future of the Company & Source of this Information and Opinion

Family has entered into two agreements with CCC: (i) a Time Brokerage Agreement pursuant to which Family allows CCC to program the stations; and (ii) an Asset Purchase Agreement pursuant to which Family agrees to sell the stations, including the station's FCC licenses, to CCC, and the parties agree to cooperate to obtain FCC approval for such assignment. With the knowledge of the FCC, Caledonia has moved the stations' main studio under the Time Brokerage Agreement from Family's prior highly distressed facilities to a state of the art facility operated by CCC. CCC continues to operate the stations from this facility. Further, it is unknown when the administrative process attendant to the FCC's review of the proposed assignment of the station licenses from CCC to Family will be completed. However, as stated above, if, within one year from the confirmation of the Plan, the FCC approves the assignment, such approval becomes final and non-appealable, and an additional 30 days passes to enable the CCC and Family to consummate the assignment of the stations to CCC, then all of the creditors of Family will be paid in accordance with the doctrine first enunciated in the matter *Second Thursday Corp.*, 22 FCC 2d 515, recon. granted, 25 FCC 2d 112 (1970). Payments made pursuant to the Plan prior to FCC approval of the assignment shall be made from seventy-five percent (75%) of the net proceeds, if any, from operation of the stations. If, on the other hand, these conditions do not occur within one year from the confirmation of the Plan, then Family will permit the revocation of the station licenses by the FCC to become final and non-appealable and there will be no funds available for distribution to the creditors.

If creditors vote in favor of this Plan, the assignment of the debtor's licenses to CCC will be authorized by this court, subject to the approval of the FCC. If creditors vote against the Plan, the assignment of the licenses will not be authorized by this court.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan.



There are no liens or secured creditors. On the thirtieth (30<sup>th</sup>) day after confirmation, administrative claimants will be paid in full. On the thirtieth (30<sup>th</sup>) day of each of the first eleven months of the Plan, the creditors who hold allowed priority claims will be paid *pro rata* seventy-five percent (75%) of the entire net proceeds from the operation of both stations. Unsecured creditors Such creditors will be paid in full any remaining balance of their allowed claims on the earlier of (i) the thirtieth (30<sup>th</sup>) day of the twelfth (12<sup>th</sup>) month after confirmation of the Plan or (ii) thirty (30) days after grant of Federal Communication Commission ("FCC") approval of the assignment of licenses for WSTX(AM) and WSTX-FM from Family to Caledonia Communication Corporation ("Caledonia") becomes final and non-appealable. If the FCC does not approve the transfer of the license from the debtor to CCC, the station licenses will be revoked, the case will be converted to Chapter 7 and liquidation of limited assets or no assets will result. CCC has the financial capability to consummate the sale of the licenses, once approved by the FCC.

8. Are All Monthly Operating Statements Current and on File With The Clerk of Court?

Yes   X   No       

If Not, Explain:

Not applicable.

9. Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release.

Not applicable.

10. Identify all executory contracts that are to be assumed or assumed and assigned.

Asset Purchase Agreement dated April 13, 2005 by and between Family Broadcasting, Inc. and Caledonia Communication Corporation. If creditors vote in favor of this Plan, the Asset Purchase Agreement will be assumed by the court order which confirms the Plan and therefore the assignment of the debtor's licenses to CCC will be authorized by this court, subject to the approval of the FCC. If creditors vote against the Plan or vote to reject the Plan, the Asset Purchase Agreement will be rejected and therefore the assignment and transfer of the licenses will not be authorized by this court.

The Time Brokerage Agreement, dated April 12, 2005 by and between Family Broadcasting, Inc. and Caledonia Communication Corporation. Under the Time Brokerage Agreement, CCC currently operates the stations on behalf of Family from CCC's facilities and thereby generates revenue from the station licenses that can be used to pay creditors during the pendency of FCC consideration of an assignment application to assign the stations from Family to CCC.

11. Has a bar date been set? August 11, 2005 [docket #34]

(If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

12. Has an election under 11 U.S.C. '1121(e) has been filed with the Court to be treated as a small business?

Yes \_\_\_\_\_ No X

13. Specify property that will be transferred subject to 11 U.S.C. '1146(c).

There will be no issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer in connection with the implementation of the Plan. Only assets will be transferred, subject to confirmation of the Plan and subject to approval of the FCC.

## II. Creditors:

A. Secured Claims: There are no secured claims

B. Priority Claims

### PRIORITY CLAIMS

| Creditor                        | Total               | Type of Collateral | (D)(L)(U) |
|---------------------------------|---------------------|--------------------|-----------|
| U.S. Internal Revenue Service   | \$127,115.00        | Corporate Assets   | L, U      |
| V.I. Bureau of Internal Revenue | \$ 44,196.62        | Corporate Assets   | L, U      |
|                                 |                     |                    |           |
| <b>TOTAL</b>                    | <b>\$171,311.62</b> |                    |           |

• Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

|  |               |
|--|---------------|
| 1. Amount Debtor Scheduled (Disputed and Undisputed)   | \$ 264,018.86 |
| 2. Amount of Unscheduled Unsecured Claims <sup>1</sup> | \$ 30,639.02  |
| 3. Total Claims Scheduled or Filed                     | \$ 312,807.88 |
| 4. Amount Debtor Disputes                              | \$ 223,725.64 |
| 5. Estimated Allowable Unsecured Claims                | \$ 89,082.24  |

<sup>1</sup> Includes a.) unsecured claims filed by unscheduled creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

D. **Classes of Interest Holders:** There is only one class of interest holders

1. Equity Security Holders; Stock in debtor is owned 100% by G. Luz A. James and Asta James.

E. **NO CLASS OF CREDITORS WILL BE IMPAIRED**

### III. Assets

#### ASSETS

| Assets  | Value   | Basis for Value<br>Priority of Lien                                     | Name of Lien Holder (if any)<br>(Fair Market Value/Book Value) | Amount of<br>Debtor's<br>Equity (Value<br>Minus Liens)   |
|---|---|---|--|--|
| FCC Licenses for WSTX - AM & WSTX-FM radio stations | The value of the FCC Licenses is the equivalent of the value all of the approved Creditor's Claims Under a Chapter 11 Plan. | The Asset Purchase Agreement establishes the value of the FCC Licenses. | None.<br>There are no lienholders                              | Debtor has no equity in the FCC Licenses in excess of the value of all of the approved Creditor's Claims Under the Chapter 11 Plan |
|   |   |   |  |  |
|   |   |   |  |  |
|   | \$<br>TOTAL   |   |  | \$<br>TOTAL  |

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?

Yes

If so, identify asset and explain why asset is not in estate:

There is old and unusable electronic equipment formerly used for the broadcasting of the signal for WSTX(AM). This equipment has been placed in protective storage, but has no market or scrap value. It is expected that the purchaser of the debtor's other assets or a chapter 7 Trustee will abandon these items.

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

No

#### IV. SUMMARY OF PLAN

1. Effective Date of Plan: December 19, 2005, as amended
2. Will cramdown be sought? \_\_\_ Yes X No  
If Yes, state bar date: \_\_\_\_\_
3. Treatment of Secured Tax Claims:

##### SECURED TAX CLAIMS

| Name of Creditor | Class | Amount Owed | Summary of Proposed Treatment |
|------------------|-------|-------------|-------------------------------|
| NONE             |       |             |                               |
|                  |       |             |                               |
| TOTAL            |       |             |                               |

##### Treatment of Administrative Non-Tax Claims

##### ADMINISTRATIVE NON-TAX CLAIMS

| Name of Creditor *     | Amount Owed               | Type of Debt            | Summary of Proposed Treatment and Date of First Payment  |
|------------------------|---------------------------|-------------------------|--|
| Ronald W. Belfon, Esq. | \$7,500.00<br>(estimated) | Legal professional      | Both administrative claims will be paid in full on the thirtieth (30 <sup>th</sup> ) day after confirmation. |
| Francisco Depousoir    | \$7,500.00<br>(estimated) | Accounting Professional | Same. See above treatment of administrative claim  |

##### 8. Treatment of Priority Tax Claims

\*Include all '503(b) administrative claims.

\*Include dates when any '507(a)(7) taxes were assessed.

# PRIORITY TAX CLAIMS

| Name of Creditor                 | Class    | Amount Owed   | Assessment  | Summary of Proposed Treatment  |
|----------------------------------|----------|---------------|---|--|
| U.S. Internal Revenue Service    | Priority | \$127, 115.42 | All allowed unsecured claims of government units described in 11 USC 507(a)(8) will be paid within six years after the date of assessment an amount equal to the allowed amount of each such claim. | From net operating proceeds available after completion of payments to administrative payments, priority claimants will be paid <i>pro rata</i> based upon 75% of net income, beginning the first month after confirmation; said claimants will be paid in full on the earliest of the end of the twelfth month after confirmation or 30 days after FCC approval of assignment of licenses becomes final. |
| V.I. Bureau of Internal Revenue. | Priority | \$44,196.62   |   | same treatment as stated above   |
| TOTAL                            |          | \$171,312.04  |   |  |
|                                  |          |               |   |  |

9. Treatment of Unsecured Claims

UNSECURED CLAIMS

| Creditor  | Total Amount Owed   | Percent of Dividend |
|---|---------------------|---------------------|
| Stryker, Dunsening, Casner & Dollison             | \$30,971.53         |                     |
| Broadcast Music International, Inc.               | 33,169.80.          |                     |
| Radio Advertising Bureau                          | 1,749.00            |                     |
| V.I. Department of Licensing and Consumer Affairs | 18,150.00           |                     |
| U.S. Internal Revenue Service                     | \$3,428.85          |                     |
|   |                     |                     |
| <b>TOTAL</b>                                      | <b>\$ 87,469.18</b> |                     |

10. Will periodic payments be made to unsecured creditors?

Yes X No \_\_\_\_\_

First payment to begin : Upon Approval of the Plan X

If so:

Amount of each payment (aggregate to all unsecured claimants): Pro Rata from 75% of net proceeds

Estimated date of first payment:

February 22, 2006

Time period between payments:

Monthly

Estimated date of last payment:

July 31, 2006

Contingencies, if any:

FCC Approval of the Transfer of the Licenses: WSTX(AM) and WSTX(FM)

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Proceeds from the net operating funds will be used to pay the periodic payments pending closing of sale to CCC. Payment of all creditors in full will be made from the proceeds of the Asset Purchase

Agreement following creditors' acceptance of the Plan and the assumption of the Asset Purchase Agreement dated April 13, 2005.

**Other significant features of the plan:**

*All creditors will be paid in full. No class of creditors will be impaired.*

Interest holders will receive no compensation upon confirmation of the Plan. This is consistent with the *Second Thursday* doctrine.

**Include any other information necessary to explain this plan:**

Consummation of the Plan will follow: (i) confirmation of the Plan (ii) assumption of the Asset Purchase Agreement and Time Brokerage Agreement; (iii) to the passage of 30 days following final and non-appealable FCC approval of the assignment of the licenses to CCC. If creditors vote in favor of this Plan, the assignment of the debtor's licenses to CCC will be authorized by this court, subject to the approval of the FCC. If creditors vote against the Plan, the assignment of the licenses will not be authorized by this court and the case will be converted to Chapter 7 where it is contemplated that no assets will be available for liquidation and payment to creditors.

**V. Comparison of Plan with Chapter 7 Liquidation**

If debtor's proposed plan is not confirmed, the potential alternatives would include dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's assets. The likelihood is that a trustee would abandon the scheduled assets and creditors would receive nothing. If the plan is confirmed and consummated, creditors will be paid in full.

|   |              |
|---|--------------|
| Total value of Chapter 7 estate                                   | \$ 0.00      |
| 1. Less secured claims  | \$ 0.00      |
| 2. Less administrative expenses                                   | \$ 0.00      |
| 3. Less priority claims   | \$ 0.00      |
| Total Amount Available for Distribution to Unsecured Creditors    | \$ 0.00      |
| Divided by total allowable unsecured claims of (See Section II C) | \$ 87,469.18 |
| Percentage of Dividend to Unsecured Creditors:                    | Zero \$\$    |

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes ☒ No ☐

Explain:

Absolutely. There will be no payment to the creditors under a Chapter 7 liquidation.

## **VI. Feasibility**

- A. Attach Income Statement for Prior 12 Months.
- B. Attach Cash Flow Statement for Prior 12 Months.
- C. Attach Cash Flow Projections for Next 12 Months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

**\$ 15,000.00**

**Show how this amount was calculated.**

**Administrative Class – Total claims is \$15,000.00**

**What assumptions are made to justify the increase in cash available for the funding of the plan?**

CCC will pay administrative claimants on the effective date of the Plan. Additionally, CCC will pay all of Family's creditors in full thirty days from the final, non-appealable FCC approval of the assignment of the licenses to Caledonia pursuant to the Asset Purchase Agreement.

**Will funds be available in the full amount for administrative expenses on the effective date of the plan? Yes. From what source? Caledonia Communications Corp.**

**The U.S. Trustee's fees and administrative claimants will be paid in full. Next, the priority creditors will be paid in full: *pro rata* for the first 12 months of the plan and the balance in full thirty days after the final, non-appealable approval of sale of the FCC licenses to Caledonia pursuant to the Asset Purchase Agreement.**

**Cash on hand \$ zero (Current) Attach current bank statement**

**Cash on hand \$ zero (Estimated amount available on date of confirmation). Debtor relies upon an infusion from Caledonia Communications Corp.**

**If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?**

**Equity infusion from Caledonia Communication Corporation**



**VII. Management Salaries**

**MANAGEMENT SALARIES**

| Position/Name of Person Holding Position | Salary at Time of Filing  | Proposed Salary (Post Confirmation) |
|--|---|-------------------------------------|
| NONE                                     | The principals of CCC are not taking a salary for the programming of the stations under the Time Brokerage Agreement. The principals of Family are not taking a salary. |                                     |
|  |   |                                     |

**VIII. Identify the Effect on Plan Payments and Specify Each of the Following:**

1. What, if any, Litigation is Pending?

NONE

2. What, if any, Litigation is Proposed or Contemplated?

NONE

**IX. Additional Information and Comments**

- A. All allowed unsecured claims of governmental units described in 11 USC § 507(a)(8) will be paid within six years after the date of assessment an amount equal to the allowed amount of each such claim.
- B. There are no conditions to confirmation of the Plan. As a condition to consummation of the Plan, 30 days must pass after the FCC's approval of the assignment of the broadcast licenses to CCC becomes final and non-appealable.
- C. The risk posed to creditors is minimal to non-existent. The only hope for creditors to receive any payment on account of their claims is if the Plan is consummated. Absent confirmation and consummation, this debtor will be converted to Chapter 7 and its assets, all of nominal value, most likely will be abandoned by the Chapter 7 Trustee.

D. The confirmation of the Plan will result in the discharge of the debtor under 11 USC § 1141(d)(A)(1). The scope of such discharge is plenary and the impact is of no consequence to creditors since all creditors will receive the full allowed amount of their claims and none will be impaired.

**IX. Certification**

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

**FAMILY BROADCASTING, INC.**

  
For Barbara James-Petersen, Its President

# HISTORIC SUMMARY

|  | MONTH ONE | MONTH TWO | MONTH THREE | MONTH FOUR | MONTH FIVE | MONTH SIX | MONTH SEVEN | MONTH EIGHT | MONTH NINE | MONTH TEN | MONTH ELEVEN | MONTH TWELVE |
|--|-----------|-----------|-------------|------------|------------|-----------|-------------|-------------|------------|-----------|--------------|--------------|
| 1. TOTAL CASH FLOW FROM OPERATIONS:  | \$10,000  | \$12,000  | \$14,000    | \$9,000    | \$15,000   | \$18,000  | \$14,000    | \$22,000    | \$35,000   | \$30,000  | \$38,000     | \$36,000     |
| LESS TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF  | \$10,000  | \$14,000  | \$12,000    | \$18,000   | \$12,000   | \$15,000  | \$12,500    | \$16,000    | \$30,000   | \$23,000  | \$30,000     | \$30,000     |
| 2. TOTAL NET CASH FLOW:  | 0         | (2,000)   | 2,000       | (1,000)    | 3,000      | 3,000     | 1,500       | 6,000       | 5,000      | 7,000     | 8,000        | 6,000        |
| DEFINITIONS:   |           |           |             |            |            |           |             |             |            |           |              |              |
| TOTAL CASH FLOW FROM OPERATIONS: THE TOTAL AMOUNT OF FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCOUNTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOANS PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED. |           |           |             |            |            |           |             |             |            |           |              |              |
| TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF   |           |           |             |            |            |           |             |             |            |           |              |              |
| PLAN   |           |           |             |            |            |           |             |             |            |           |              |              |

1994

PROJECTED SUMMARY

| POST PETITION PERIODS  | MONTH ONE   | MONTH TWO | MONTH THREE | MONTH FOUR | MONTH FIVE | MONTH SIX | MONTH SEVEN | MONTH EIGHT | MONTH NINE | MONTH TEN | MONTH ELEVEN | MONTH TWELVE |
|--|---|-----------|-------------|------------|------------|-----------|-------------|-------------|------------|-----------|--------------|--------------|
| 4 TOTAL PROJECTED CASH FLOW FROM OPERATIONS:                                 | \$38,000  | \$40,000  | \$41,000    | \$43,000   | \$45,000   | \$45,000  | \$46,000    | \$47,000    | \$48,000   | \$48,000  | \$48,000     | \$50,000     |
| 5 LESS TOTAL PROJECTED DISBURSEMENTS EXCLUDING PAITS TO CREDITORS IN A PLAN: | \$34,000  | \$32,000  | \$32,000    | \$32,000   | \$33,000   | \$33,000  | \$35,000    | \$35,000    | \$38,000   | \$38,000  | \$38,000     | \$39,000     |
| 6 ANTICIPATED CASH FLOW AVAILABLE FOR PLAN:                                  | 8,000   | 8,000     | 9,000       | 11,000     | 12,000     | 12,000    | 11,000      | 12,000      | 10,000     | 10,000    | 10,000       | 11,000       |
| DEFINITIONS  |   |           |             |            |            |           |             |             |            |           |              |              |
| TOTAL PROJECTED CASH FLOW FROM OPERATIONS:                                   | TOTAL AMOUNT OF PROJECTED FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOAN PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED. |           |             |            |            |           |             |             |            |           |              |              |
| TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN                | TOTAL PROJECTED DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF THE PROPOSED PLAN.                             |           |             |            |            |           |             |             |            |           |              |              |

1994

# PLAN FEASIBILITY

| POST PETITION PERIODS  | MONTH ONE | MONTH TWO | MONTH THREE | MONTH FOUR | MONTH FIVE | MONTH SIX | MONTH SEVEN | MONTH EIGHT | MONTH NINE | MONTH TEN | MONTH ELEVEN | MONTH TWELVE |
|--|-----------|-----------|-------------|------------|------------|-----------|-------------|-------------|------------|-----------|--------------|--------------|
| ANTICIPATED RECEIPTS AVAILABLE FOR PLAN: (SEE LINE 6, ABOVE) | \$1,000   | \$2,000   | \$9,000     | \$11,000   | \$12,000   | \$12,000  | \$11,000    | \$12,000    | \$10,000   | \$10,000  | \$10,000     | \$11,000     |
| LESS PROPOSED PAYMENTS: (SEE SECTION IV)                     | \$5,000   | \$5,000   | \$5,000     | \$5,000    | \$5,000    | \$5,000   | \$5,500     | \$5,000     | \$5,000    | \$5,000   | \$5,000      | \$5,000      |
| OVERAGE/SHORTAGE OF CASH FLOW AVAILABLE TO FUND PLAN:        | 3,000     | 3,000     | 4,000       | 6,000      | 7,000      | 7,000     | 5,500       | 7,000       | 5,000      | 5,000     | 5,000        | 6,000        |

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ST. CROIX

IN RE:

FAMILY BROADCASTING,

Debtor.

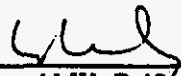
)  
)  
) Case No. 1-05-00004  
) (Chapter 11)  
)  
)

NOTICE OF FILING CERTIFICATE OF SERVICE

PLEASE TAKE NOTICE THAT Certificate of Service of the First Amended Disclosure Statement to Accompany Plan Dated December 21, 2005 was filed on this date. A copy of the certificate of service is attached hereto.

DATED: 12/22/05

BELFON & EVERT

  
\_\_\_\_\_  
Ronald W. Belfon, Esquire  
1217 Bjerge Cade  
St. Thomas, VI 00802  
(340) 774-2830  
(340) 774-7101  
rbelfon@belfon.vi

IN RE: FAMILY BROADCASTING, INC.

Bankruptcy No. 1-05-00004 - BM

Motion Number N/A

**CERTIFICATION OF SERVICE**

I, Ronald W. Belfon \*\*of Belfon & Evert, 1217 Bierge Gade  
St. Thomas, VI. 00802 certify:

That I am, and at all times hereinafter mentioned was more than 18 years of age;

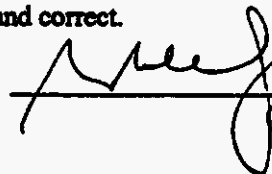
That on the 22nd day of December, 2005, I SERVED A  
**COPY OF THE FIRST AMENDED DISCLOSURE STATEMENT TO ACCOMPANY  
PLAN DATED DECEMBER 21, 2005 on:**

all parties and persons as their names appear on the Clerk's Office mailing matrix [all creditors  
and parties in interest], a copy of which is attached hereto,

by first-class postage prepaid.

I certify under penalty of perjury that the foregoing is true and correct.

EXECUTED ON 12/22/05  
1 (Date)

  
(Signature)

\*\* State Mailing Address

Barbara James-Petersen  
P.O. Box 224469  
Christiansted, VI 00822

ASCAP  
One Lincoln Plaza  
New York, NY 10133-0043

BMI (Broadcast Music, Inc.)  
10 Music Square East  
Nashville, TN 37203-4399

Lauren A. Colby  
P.O. Box 113  
Frederick, MD 21705-0113

Dept. of Property & Procurement  
Gov't of the Virgin Islands  
3274 Estate Richmond  
Christiansted, VI 00820

Daniel A. Huber, Esq.  
560 N Street, S.W.  
Washington, D.C.

G. Luz & Asta James  
P.O. Box 224469  
St. Croix, VI 00822

Newton & Associates  
P.O. Box 8510  
Metairie, LA 70011-8510  
Attn: Katie Robins

Radio Advertising Bureau, Inc.  
1320 Greenway Dr. Ste. 500  
Irvin, TX 75038-2510  
Attn: Dennis Wingo

Sesac, Inc.  
55 Music Square East  
Nashville, TN 37203-4362

Richard Dollison, Esq.  
Upper Level Drake's Passage  
P.O. Box 6785  
St. Thomas, VI 00804

V.I. Water & Power Authority  
P.O. Box 1009  
Christiansted, VI 00821

Virgin Islands Telephone Corp.  
P.O. Box 6100  
St. Thomas, VI 00801

James Shook, Esq.  
Investigations/Hearing Division  
Federal Communication Commission  
455 12<sup>th</sup> Street, SW, Rm J-B443, Enforcement  
Washington, DC 20554

Dennis Wingo  
Radio Advertising Bureau  
1320 Greenway Drive, Suite 500  
Irving, TX 75038-2510

Patricia L. Keeman  
John Gump Strauss Hauer & Feld LLP  
333 New Hampshire Avenue, N.W.  
Washington, DC 20036

Wendy Tien  
U.S. Department of Justice  
1100 O L Street North West Rm 10060  
Washington, DC 20005

Office of Reorganization  
Securities & Exchange Commission  
Suite 100  
3475 Lenox Road, N.E.  
Atlanta, GA 30326-1232

Jay Gebhardt, Esq.  
Office of the U. S. Trustee  
12 Richard Russell Building  
Spring Street S. W.  
Atlanta, GA 30303

Internal Revenue Service  
Chief SPS  
Mercantile Plaza Building  
2 Ave Ponce de Leon Ave, Suite 914  
San Juan, Puerto Rico 00918-1693

Bureau of Internal Revenue  
9601 Estate Thomas  
St. Thomas V. I. 00802

Edward Maravitz  
Senior Judge  
Honorable Court for  
Maritime District of Pennsylvania  
1544 LEX Tower  
Great Lakes  
Chicago, IL 60601

Maxwell McIntosh, Esq.  
Kevin Rames, Esq.



UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ST. CROIX

In re: )  
FAMILY BROADCASTING, INC. )  
Debtor ) Case No. 1-05-00004 BM  
) (Chapter 11)

FIRST AMENDED PLAN OF REORGANIZATION FILED BY  
FAMILY BROADCASTING, INC.

(Dated: December 21, 2005)

Family Broadcasting, Inc. ("Family"), the Debtor, proposes the following Plan of Reorganization ("Plan"):

Article I

DIVISION INTO CLASSES

For purposes of this Plan, the claims of creditors and the interests of equity holders of the Debtor are divided into the following classes:

*Class 1:* Administrative expenses, as allowed and entitled to priority under 11 U.S.C.A. § 507(a)(1).

*Class 2:* Priority tax claims, as allowed and entitled to priority under 11 U.S.C.A. § 507(a)(7).

*Class 3:* General unsecured claims, as allowed.

*Class 4:* Equity interest holders.

Article II

TREATMENT OF CLASSES

*Class 1:* On the thirtieth (30<sup>th</sup>) day after confirmation, Class 1 claimants will be paid in full the allowed amount of their claims.

*Class 2:* On the thirtieth (30<sup>th</sup>) day of each of the first eleven months following confirmation of the Plan, the Class 2 claimants holding allowed claims will be paid *pro rata* seventy-